

Introduction

This report provides the U.S. Department of Transportation's recommendations to Congress for the allocation of funds for the construction of new fixed guideway systems and extensions

(49 USC 5309(d) – Major Capital Investment Grants of \$75,000,000 or More, or “New Starts,” and 49 USC 5309(e) – Capital Investment Grants of Less Than \$75,000,000 or “Small Starts”) for fiscal year (FY) 2007. The *Annual Report on New Starts* for FY 2007 is a collateral document to the President's annual budget submission to Congress. It is important in the administration of the Federal transit assistance program, and improves the information exchange between the Executive and Legislative branches at the beginning of an appropriations cycle for the next fiscal year.

The mandate for the *Annual Report on New Starts* is a continuation of provisions first established by the Transportation Equity Act for the 21st Century (TEA-21) in 1998 and reauthorized by the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), signed into law on August 10, 2005. SAFETEA-LU made some changes to the New Starts program, including the creation of a new sister program (Small Starts) for capital investment grants of less than \$75 million.

The President's Budget for FY 2007 proposes \$1,466 million for the capital investment grant program under Section 5309. A total of \$1,229.48 million is recommended for 16 existing, two pending, and five proposed Full Funding Grant Agreements (FFGA). A total of \$101.86 million is proposed for four projects that are anticipated to be in final design by the Spring of 2006, pending resolution of outstanding issues, and for additional rail cars to be added to the completed Largo Metrorail Extension (metropolitan Washington D.C.) FFGA. A total of \$100 million is recommended for the new Small Starts program. Finally, a total of \$34.66 million is recommended for specific ferry projects, statutory funding to support the work of the Denali Commission, and New Starts oversight activities. See Table 1 on page 6 for funding details on these recommendations.

In addition to funding recommendations, Appendix A of the *FY 2007 Annual Report on New Starts* provides the status of 16 existing FFGA projects currently under construction; detailed results of FTA's evaluation of the merit and local financial commitment of 20 major capital investment projects in preliminary engineering (PE) and final design; and brief summaries of the status of four projects in PE or final design which are requesting less than \$25 million in New Starts funding and therefore exempt from the New Starts evaluation process. Appendix B describes the measures, rating breakpoints, and overall process followed by FTA for evaluating projects currently in PE and final design which are pursuing an FFGA.

FTA is currently working with stakeholders and grantees to issue a joint Small Starts/New Starts Notice of Proposed Rulemaking in September 2006, with a Final Rule to be published in mid-2007. As a first step, FTA published in January 2006 policy guidance on the project evaluation process that FTA intends to follow for fiscal year 2008 budget

recommendations. With input from stakeholders from around the country through both formal and informal listening sessions and discussions, FTA also published an Advanced Notice of Proposed Rulemaking (ANPRM) on the Small Starts subprogram in early 2006. The ANPRM acts as a testing document to raise pertinent issues for discussion with stakeholders. As rulemaking is still in progress at the time of publication of the President's FY 2007 annual budget, FTA has budgeted \$100 million of the Small Starts funding authorized by Congress for FY 2007 without recommending funding for any specific projects. If worthy Small Starts projects emerge over the next several months, FTA may make project-specific recommendations when Congress is considering its FY 2007 appropriations decisions.